

# Sales of Foreign Affiliates of U.S. Firms, 1961-65, 1967 and 1968

Foreign manufacturing affiliates of U.S. firms increased sales by 12 percent in 1968 to \$59.7 billion, about the same annual rate of increase recorded from 1965 to 1967. Sales by mining affiliates rose 16 percent in 1968 to \$5.3 billion.

**S**ALES of foreign manufacturing affiliates of U.S. firms continued their strong expansion in 1968 with an increase of 12 percent to a level of \$59.7 billion. The rise matched the average annual increase recorded from 1965 to 1967. (Sales data for 1966 are currently not available.<sup>1</sup>) The volume of sales in 1968 was almost double the level of 1963. Sales of mining affiliates

reached \$5.3 billion in 1968, an increase of 16 percent over 1967.

As foreign demand for manufactured goods grew in recent years, U.S. firms responded, in part, by establishing or expanding manufacturing affiliates abroad. Recent data on plant and equipment expenditures by foreign affiliates of U.S. firms indicate sustained expansion, a tendency encouraged by the continued growth of foreign economies.

This article presents the latest available data on sales by foreign manufacturing affiliates of U.S. firms, classified by country (table 1), by industry and area (table 2), and by destination (table 3). More limited data is also presented

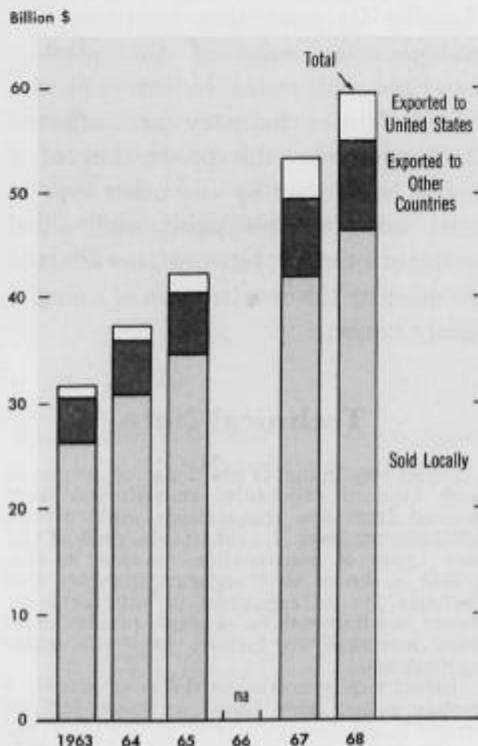
for sales of mining affiliates abroad (table 4).

## Manufacturing

With few exceptions, substantial sales growth has been registered by U.S. manufacturing affiliates in all areas of the world in recent years. The percent distribution of sales by major area changed little from 1965 to 1968. In the latter year, affiliates in Western Europe accounted for better than 43 percent of the total, Canada 31 percent, Latin American more than 13 percent, and all other areas about 13 percent.

In Western Europe, sales of foreign manufacturing affiliates rose 12 percent to \$25.8 billion in 1968, a rate of growth slightly higher than the 11 percent average annual increase in the preceding

CHART 8  
Sales of Foreign Manufacturing Affiliates



U.S. Department of Commerce, Office of Business Economics

70-10-8

1. For purpose of comparison, the average annual rate of growth in affiliates' sales from 1965 to 1967 is computed; it represents the annual rate of growth that would have been necessary in 1966 and in 1967 to move from 1965 sales to 1967 sales.

Table 1.—Sales of Foreign Manufacturing Affiliates, by Selected countries, 1961-65, 1967, 1968

	(Million of dollars)						
	1961	1962	1963	1964	1965	1967	1968
<b>All areas</b> .....	25,061	27,923	31,809	37,438	42,317	53,151	59,676
<b>Canada</b> .....	8,429	9,196	10,199	11,620	13,349	16,585	18,548
<b>Latin American Republics and other Western Hemisphere</b> .....	3,597	3,967	4,250	4,951	5,525	7,128	7,966
Argentina.....	872	837	880	1,150	1,450	1,267	1,330
Brazil.....	915	1,095	1,100	1,020	1,120	1,750	2,010
Mexico.....	835	1,005	1,140	1,465	1,574	2,150	2,467
Venezuela.....	375	380	455	555	617	860	954
Other.....	600	650	675	761	765	1,101	1,205
<b>Europe</b> .....	10,780	12,120	14,045	16,653	18,685	23,080	25,835
United Kingdom.....	5,070	5,290	5,918	6,871	7,521	9,213	9,604
European Economic Community.....	4,805	5,770	7,002	8,683	9,850	12,002	13,921
Belgium, Netherlands, and Luxembourg.....	760	850	990	1,335	1,574	1,912	2,440
France.....	1,255	1,645	2,003	2,486	2,648	3,410	3,916
Germany.....	2,265	2,600	3,130	3,740	4,356	4,982	5,610
Italy.....	525	675	879	1,122	1,272	1,698	1,955
Other.....	905	1,060	1,125	1,099	1,314	1,865	2,310
<b>Other areas</b> .....	2,255	2,640	3,315	4,214	4,757	6,358	7,327
Japan.....	380	430	515	710	980	1,600	1,980
Australia, New Zealand, and South Africa.....	n.s.s.	n.s.s.	n.s.s.	2,890	3,076	3,733	4,130
Australia.....	1,060	1,350	1,700	2,090	2,235	2,744	3,099
New Zealand.....	n.s.s.	n.s.s.	n.s.s.	230	247	234	205
South Africa.....	335	380	470	570	594	755	820
Other Africa and Middle East.....	n.s.s.	n.s.s.	n.s.s.	64	73	176	198
Other Asia and Pacific.....	n.s.s.	n.s.s.	n.s.s.	550	628	849	1,019
India.....	n.s.s.	n.s.s.	n.s.s.	214	270	250	305
Philippines.....	160	155	180	230	250	345	410
Other.....	n.s.s.	n.s.s.	n.s.s.	106	108	254	304

N.s.s. Not shown separately.

2 years. Strong growth was registered in the Common Market countries with a rise of 16 percent to \$13.9 billion. Sales by affiliates in the Benelux countries expanded at a particularly fast pace. A considerably slower rise was recorded by affiliates in the United Kingdom, with an increase of only 4 percent to \$9.6 billion. However, this slowdown largely reflected the devaluation of the British pound in the fall of 1967 which lowered the dollar value of 1968 sales of affiliates operating in the United Kingdom. (Calculated in sterling, sales rose much faster.) Manufacturing affiliates in all other European countries increased their sales by a substantial 24 percent in 1968 to \$2.3 billion.

Sales of foreign affiliates in Canada rose 12 percent in 1968 to \$18.5 billion. Growth was particularly strong for manufacturers of transportation equipment. The U.S.-Canadian automotive agreement of 1965 has encouraged U.S. automotive manufacturers to produce automobiles in Canada for sale in U.S. markets. In 1968, sales by Canadian affiliates manufacturing transportation equipment increased \$1.0 billion, and about 40 percent of their total sales was exported to the United States.

All other Canadian manufacturing affiliates registered a sales gain of 8 percent.

Latin American affiliates increased sales by 12 percent in 1968, somewhat below the average annual increase of 14 percent in the earlier 2 years. Sales by affiliates in Brazil, Mexico, and Venezuela have risen substantially since 1965, but the 1968 increase was decidedly slower than the average rise for the preceding 2 years.

In Asia and Africa, sales of affiliates rose 15 percent to \$7.3 billion, with most of the increase registered in Australia and Japan. Growth in Japan has been particularly strong in recent years, as sales by affiliates there doubled during the 3 years ending in 1968.

#### Industry breakdown

The substantial increase in sales of foreign affiliates since 1965 has been spread not only through all areas of the world, but also through all major manufacturing industry divisions. Sales by affiliates in the chemical industry reached \$10.2 billion in 1968, an

increase of 15 percent for that year. Manufacturers of primary and fabricated metals also registered a 15 percent gain in 1968. For affiliates in both industries, the rate of expansion was very close to the average annual increase in the preceding 2 years. Foreign affiliates manufacturing transportation equipment continue to lead those in any other industry in total sales. In 1968, their sales rose 13 percent to \$14.5 billion. Most of the increase was recorded by Canadian affiliates. Sales by manufacturers of nonelectrical machinery (including computers) rose 11 percent. This increase was considerably

slower than the 17 percent average annual rise from 1965 to 1967.

#### Destination of sales

There has been a significant increase in U.S. imports of goods produced by U.S.-owned foreign affiliates (chart 8). Such imports amounted to \$4.7 billion or 8 percent of total affiliates' sales in 1968, compared with \$1.8 billion and 4 percent of sales in 1965. The Canadian automotive agreement has given the major impetus to the percentage increase. In 1968, exports to the United States from Canadian affiliates manu-

Table 2.—Sales of Foreign Manufacturing Affiliates, by Industry and Area, 1961-65, 1967, 1968

	(Millions of dollars)									
	Manufacturing total	Food products	Paper and allied products	Chemicals	Rubber products	Primary & fabricated metals	Machinery excluding electrical	Electrical machinery	Transportation equipment	Other products
<b>All areas:</b>										
1961.....	25,061	2,195	1,090	3,800	1,105	1,875	2,697	2,234	6,000	2,715
1962.....	27,023	2,310	1,130	4,400	1,332	2,052	3,350	2,871	6,080	2,958
1963.....	31,800	3,482	1,342	5,180	1,389	2,433	3,710	2,896	8,090	3,540
1964.....	37,438	3,987	1,594	6,003	1,662	2,949	4,002	3,570	9,490	4,124
1965.....	42,317	4,916	1,893	6,881	1,710	3,091	5,384	3,902	10,746	4,718
1967.....	53,181	5,986	2,172	8,857	1,978	4,040	7,384	4,782	12,858	5,011
1968.....	59,676	6,586	2,534	10,215	2,128	4,086	8,192	5,298	14,822	5,787
<b>Canada:</b>										
1961.....	8,420	1,095	370	1,315	285	540	700	764	1,450	930
1962.....	9,105	1,135	405	1,285	340	1,060	810	851	1,720	1,000
1963.....	10,100	1,182	1,042	1,400	355	1,108	916	906	2,150	1,100
1964.....	11,020	1,274	1,212	1,535	400	1,330	1,088	1,010	2,482	1,228
1965.....	12,840	1,325	1,349	1,690	472	1,417	1,182	1,268	3,220	1,485
1967.....	16,585	1,582	1,502	1,858	544	1,680	1,600	1,573	4,680	1,780
1968.....	18,548	1,582	1,680	2,128	580	1,810	1,886	1,457	5,881	1,970
<b>Latin American Republics &amp; other Western Hemisphere:</b>										
1961.....	3,587	730	88	900	300	180	122	300	778	440
1962.....	3,957	750	190	890	302	183	144	350	790	478
1963.....	4,258	815	130	1,000	310	215	175	380	704	585
1964.....	4,891	775	145	1,280	365	313	219	380	978	547
1965.....	5,220	847	178	1,308	390	289	262	414	1,172	670
1967.....	7,125	1,380	237	1,783	382	448	382	806	1,281	780
1968.....	7,968	1,490	301	1,957	415	561	422	591	1,336	854
<b>Europe:</b>										
1961.....	10,780	1,110	70	1,610	400	890	1,755	1,050	3,070	1,125
1962.....	12,120	1,185	80	1,700	400	715	2,090	1,320	3,290	1,280
1963.....	14,045	1,100	105	2,070	420	890	2,185	1,690	4,080	1,405
1964.....	16,463	1,208	148	2,273	517	1,115	2,735	1,908	4,700	1,880
1965.....	18,065	1,405	188	2,701	537	1,160	3,106	2,128	5,045	2,101
1967.....	23,060	1,740	252	3,702	633	1,543	4,372	2,548	5,301	2,837
1968.....	25,534	1,822	318	4,362	605	1,807	4,903	2,681	5,007	3,169
<b>United Kingdom:</b>										
1961.....	6,871	613	93	1,075	228	400	1,010	795	1,738	901
1962.....	7,821	730	102	1,241	219	540	1,321	717	1,788	1,047
1963.....	8,213	811	127	1,390	278	698	1,428	818	2,282	1,411
1964.....	9,594	783	140	1,415	290	740	1,538	853	2,283	1,617
<b>European Economic Community:</b>										
1961.....	5,483	508	54	1,038	214	563	1,451	1,000	2,607	802
1962.....	6,350	545	62	1,320	233	635	1,800	1,187	2,840	1,050
1963.....	12,042	770	116	1,075	255	719	2,790	1,435	3,743	1,240
1964.....	12,421	845	150	2,436	275	850	3,000	1,688	3,128	1,420
<b>Other:</b>										
1961.....	1,000	67	1	160	75	58	85	194	255	68
1962.....	1,314	100	2	208	30	65	115	224	285	124
1963.....	1,805	128	0	407	102	144	208	290	385	188
1964.....	2,310	174	10	412	100	211	278	308	476	232
<b>Other areas:</b>										
1961.....	2,254	280	38	375	210	88	200	120	710	200
1962.....	2,540	240	55	465	230	85	315	140	880	230
1963.....	3,315	275	66	600	245	140	440	180	1,100	270
1964.....	4,214	300	60	855	310	182	600	221	1,306	350
1965.....	4,757	328	118	1,033	351	210	704	247	1,302	464
1967.....	6,388	450	161	1,444	409	407	1,020	331	1,452	625
1968.....	7,277	472	234	1,743	460	458	1,202	380	1,619	724

Table 3.—Sales of Foreign Manufacturing Affiliates, by Area, Industry and Destination  
1965, 1967-68

(Millions of dollars)

	Total sales			Local sales			Exported to United States			Exported to other countries		
	1965	1967	1968	1965	1967	1968	1965	1967	1968	1965	1967	1968
All areas.....	42,317	43,151	49,676	34,686	41,991	46,468	1,789	3,688	4,341	8,642	7,449	6,378
Food products.....	4,616	5,008	6,308	3,482	4,123	4,703	119	387	211	414	488	340
Paper and allied products.....	1,808	2,172	2,634	1,041	1,103	1,420	643	407	245	210	289	320
Chemicals.....	6,881	8,357	10,215	5,709	7,401	8,407	171	372	180	111	1,284	1,620
Rubber products.....	1,718	1,978	2,120	1,040	1,001	1,048	7	20	30	134	153	148
Primary & fab. metals.....	3,901	4,040	4,600	2,331	2,360	2,437	183	340	298	577	740	831
Machinery, excl. elec.....	5,484	7,284	8,102	4,168	5,106	6,186	187	280	328	1,030	1,725	1,660
Electrical machinery.....	3,992	4,752	5,268	3,670	4,186	4,655	60	92	90	417	501	568
Transportation equip.....	10,746	12,880	14,522	8,075	9,759	10,402	278	1,744	2,468	1,408	1,280	1,635
Other products.....	4,718	6,011	6,767	3,012	4,850	5,348	182	207	255	642	644	1,164
Canada.....	12,345	16,581	18,518	10,650	22,281	25,369	1,248	2,094	3,787	1,079	1,288	1,332
Food products.....	1,324	1,642	1,862	1,192	1,432	1,478	35	33	28	100	87	70
Paper and allied products.....	1,340	1,602	1,860	879	1,086	1,041	638	402	730	182	324	340
Chemicals.....	1,698	1,888	2,123	1,486	1,754	1,688	90	90	85	106	44	70
Rubber products.....	173	244	280	143	158	158	5	15	17	3	6	7
Primary & fab. metals.....	1,417	1,650	1,810	960	1,022	1,123	175	228	275	335	200	412
Machinery, excl. elec.....	1,182	1,600	1,885	1,033	1,338	1,406	88	138	165	43	126	92
Electrical machinery.....	1,003	1,373	1,457	1,113	1,374	1,340	20	33	20	40	66	70
Transportation equip.....	2,226	4,000	4,601	2,683	2,892	3,163	292	1,533	2,247	183	221	263
Other products.....	1,485	1,766	1,970	1,268	1,531	1,693	122	144	163	70	105	86
Latin Am. Rep. & OWH.....	8,326	7,228	7,866	6,111	4,488	7,211	101	151	212	314	288	541
Food products.....	667	1,359	1,488	674	1,042	1,130	46	93	122	147	215	226
Paper and allied products.....	178	297	301	128	218	220	6	4	5	15	15	17
Chemicals.....	1,306	1,783	1,987	1,260	1,560	1,778	34	40	47	104	183	162
Rubber products.....	350	306	416	248	380	407	(*)	(*)	2	2	3	6
Primary & fab. metals.....	280	449	651	277	480	648	(*)	(*)	2	12	10	13
Machinery, excl. elec.....	389	382	402	268	332	382	2	4	3	14	55	32
Electrical machinery.....	414	606	601	405	476	580	1	3	3	8	24	38
Transportation equip.....	1,172	1,281	1,225	1,164	1,265	1,314	3	6	8	5	11	13
Other products.....	574	789	894	649	744	845	10	12	17	7	13	22
Europe.....	19,484	22,880	26,036	14,264	17,688	19,195	221	394	549	4,199	5,278	6,091
European Ec. Community.....	6,880	12,002	13,921	7,617	10,432	10,942	100	191	306	2,232	2,943	3,574
Food products.....	686	779	865	509	658	729	4	5	8	0	80	134
Paper and allied prod.....	62	118	160	67	94	134	1	1	1	5	21	25
Chemicals.....	1,320	1,671	2,485	1,040	1,345	1,623	12	17	27	308	673	790
Rubber products.....	232	254	285	180	202	189	(*)	(*)	2	52	93	33
Primary & fab. metals.....	686	719	880	483	600	713	1	1	2	91	122	136
Machinery, excl. elec.....	1,960	2,740	3,000	1,390	1,764	2,038	37	66	72	657	930	990
Electrical mach.....	1,187	1,431	1,688	1,062	1,181	1,304	3	2	27	152	241	267
Transportation equip.....	2,849	2,743	3,138	2,167	2,694	2,554	33	63	146	680	689	743
Other products.....	1,038	1,240	1,420	799	1,064	984	10	25	20	230	311	435
Other, including U.K.....	8,326	11,078	11,214	8,747	8,850	9,163	131	203	244	1,067	2,325	2,417
Food products.....	580	707	867	786	903	974	7	13	19	28	61	70
Paper and allied prod.....	104	130	150	85	123	130	(*)	(*)	0	13	20	20
Chemicals.....	1,441	1,783	1,927	1,198	1,434	1,581	0	8	12	245	244	374
Rubber products.....	203	278	300	278	308	340	1	13	4	24	22	27
Primary & fab. metals.....	611	874	967	440	618	704	7	15	21	185	183	230
Machinery, excl. elec.....	1,230	1,633	1,815	824	1,050	1,230	35	48	60	577	596	623
Electrical mach.....	941	1,106	1,123	748	985	1,080	19	15	16	174	140	138
Transportation equip.....	2,100	2,545	2,708	1,628	2,067	2,110	42	73	84	616	516	568
Other products.....	1,171	1,507	1,749	826	1,062	1,106	14	22	28	320	452	583
Other areas.....	4,787	6,388	7,327	4,421	5,767	6,988	77	377	193	259	484	446
Food products.....	328	450	472	224	358	386	20	43	48	60	49	44
Paper and allied prod.....	110	181	204	105	171	227	(*)	(*)	1	5	10	7
Chemicals.....	1,032	1,444	1,743	944	1,297	1,586	29	37	18	50	100	137
Rubber products.....	363	409	468	336	394	446	(*)	(*)	1	13	16	14
Primary & fab. metals.....	210	467	488	212	280	300	7	90	14	5	23	44
Machinery, excl. electrical.....	719	1,029	1,208	590	847	1,107	7	4	13	28	78	82
Electrical machinery.....	247	331	300	218	297	329	6	10	15	23	34	31
Transportation equip.....	1,302	1,482	1,610	1,265	1,419	1,672	(*)	(*)	8	47	34	47
Other products.....	404	525	794	442	699	687	6	4	8	18	22	29

\*Less than \$500,000.

facturing transportation equipment amounted to \$2.2 billion, 11 times greater than in 1965. Total exports of affiliates to the United States excluding exports of Canadian affiliates manufacturing transportation equipment were \$2.5 billion in 1968 (4.6 percent of their sales) compared with \$1.6 billion in 1965 (4.1 percent of their sales). Thus, the percentage of total sales exported to the U.S. by all other affiliates showed only a small rise.

Exports by all manufacturing affiliates to third countries remained at 14 percent of total sales in 1967 and 1968, the same percentage as in 1965. Local sales were 78 percent of the total in 1968, compared to 82 percent in 1965.

### Mining

Sales of U.S.-owned foreign mining affiliates rose 16 percent in 1968 to \$5.3 billion. The increase was slightly faster than the average annual growth rate in the preceding 2 years. Affiliates in Africa and Australia registered particularly strong increases, at about twice the industry rate in 1968, while Latin American affiliates increased sales only 5 percent in that year. Slightly more than 35 percent of all sales by mining affiliates in 1968 were exported to the United States while an additional 43 percent represented exports to third countries. In 1965, 37 percent of total mining sales was exported to the United States and 41 percent to third countries.

### Methodology

These data are estimates of total sales of all foreign manufacturing and mining affiliates in which U.S. owners have a direct equity interest of 25 percent or more. Reports are received from approximately 500 major U.S. parent companies reporting annually to the Office of Business Economics. The published data are a combination of the reported sample plus an estimate for nonreported affiliates (the blowup). Changes are made annually to the blowup for each industry and area in direct proportion to the changes in the reported sample data for that same industry and area.

Initial estimates of the magnitude and distribution of the blowup are made in a base year when all foreign affiliates must report their sales data (as well as many other aspects of their operations) to this office. The most recent base year for which data are available is 1957.

Sales data for a new base year have been collected—along with much other information—in the census of U.S. direct foreign investment for 1966; these data cover about 3,500 U.S. parents and almost 25,000 foreign affiliates. When processing of the 1966 census is completed, the sales figures for 1967 and 1968 presented here will be revised to incorporate the new information.

Table 4.—Sales of Foreign Mining Affiliates by Area and Destination 1965, 1967-68

(Millions of dollars)

	Total sales			Local sales			Exported to United States			Exported to other countries		
	1965	1967	1968	1965	1967	1968	1965	1967	1968	1965	1967	1968
All areas.....	3,589	4,849	5,269	780	968	1,119	1,304	1,644	1,864	1,428	1,917	2,288
Canada.....	1,480	2,700	2,038	308	478	642	687	879	913	398	489	604
Latin American Republics and Other Western Hemisphere.....	1,346	1,724	1,814	240	283	217	635	687	608	670	885	804
Europe.....	71	67	105	10	40	47	1	(*)	3	80	27	45
Africa.....	418	817	816	3	4	4	73	184	216	342	459	598
Asia and Oceania.....	105	245	478	132	184	290	7	24	37	55	137	230

\*Less than \$500,000.